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0000005377

FRIEND, HUDAK & HARRIS, LI

ATTORNEYS AT LAW

SUITE 1450

THREE RAVINIA DRIVE

ATLANTA, GEORGIA 30346-2117

(770) 399-9500

FACSIMILE (770) 395-0000

EMAIL: fh2@fh2.com

June 9, 2004

Arizona Corporation Commission

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AZ CORP COMMISSION  
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**VIA OVERNIGHT MAIL**

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007-2927

Re: Staff's Letter of Insufficiency and First Set of Data Requests to Charter Fiberlink AZ – CCVII, LLC. Docket No. T-04260A-04-0383

Dear Sir or Madam:

We are in receipt of the above-referenced letter, dated June 2, 2004, wherein the Staff of the Arizona Corporation Commission indicated that it required additional information in connection with its review of Charter Fiberlink AZ – CCVII, LLC's ("Charter") Application for a Certificate of Convenience and Necessity (the "Application") to provide telecommunications and data communications services in the State of Arizona. In accordance with the Staff's request, Charter hereby provides the following responsive information. The numbered paragraphs correspond to the Staff's individual data requests.

1. **In the application submitted, there are mentions of private line service. If Charter plans to offer private line service, please indicate this by amending question (A-1) of the application form to include private line service.**

Charter intends to offer private line voice and data services in Arizona. Accordingly, Charter hereby amends its response to question (A-1) of the Application by replacing its previously submitted response with the following:

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and answer the appropriate numbered items:

- ☒ Resold Long Distance Telecommunications Services (Answer Sections A, B).
- ☒ Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).
- ☒ Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).

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- X   Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, C, D, E)
- X   Alternative Operator Services Telecommunications Services (Answer Sections A, B)
- X   Other (Facilities-Based Private Line Telecommunications Services).

**2. Please indicate if Charter plans to offer the services it is requesting the authority to provide in the residential and/or the business market(s).**

Charter plans to offer its services described in the Application in both the residential and business markets.

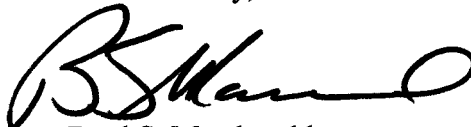
**3. Please submit a balance sheet and income statement for the calendar year ending December 31, 2003.**

Because Charter is a newly formed company, it does not have audited financial information for the year ending December 31, 2003. Accordingly, Charter provides herewith the balance sheet and income statement for the calendar year ending December 31, 2003 of its ultimate corporate parent, Charter Communications, Inc. Such financial information is attached hereto at Exhibit "A".

Charter expects that the information above will satisfy the issues addressed in the Staff's letter of June 2, 2004. As such, Charter respectfully requests that the Staff recommend that its Application in the above-referenced action be approved.

If you have any questions or comments, please do not hesitate to call the undersigned.

Sincerely,



Brad S. Macdonald  
Counsel for Charter Fiberlink AZ – CCVII, LLC

Enc.

cc: Charter Fiberlink AZ – CCVII, LLC  
(with enclosure)  
Charles A. Hudak, Esq.  
(without enclosure)

**EXHIBIT “A”**

**FINANCIAL INFORMATION**

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(dollars in millions, except share data)

	December 31,	
	2003	2002
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 127	\$ 321
Accounts receivable, less allowance for doubtful accounts of \$17 and \$19, respectively	189	259
Receivables from related party	—	8
Prepaid expenses and other current assets	34	45
	<u>350</u>	<u>633</u>
<b>TOTAL current assets</b>	<u>350</u>	<u>633</u>
<b>INVESTMENT IN CABLE PROPERTIES:</b>		
Property, plant and equipment, net of accumulated depreciation of \$3,950 and \$2,634, respectively	7,014	7,679
Franchises, net of accumulated amortization of \$3,445 and \$3,452, respectively	13,680	13,727
	<u>20,694</u>	<u>21,406</u>
<b>TOTAL investment in cable properties, net</b>	<u>20,694</u>	<u>21,406</u>
<b>OTHER NONCURRENT ASSETS</b>	<u>320</u>	<u>345</u>
<b>Total assets</b>	<u>\$21,364</u>	<u>\$22,384</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 1,235	\$ 1,345
	<u>1,235</u>	<u>1,345</u>
<b>TOTAL current liabilities</b>	<u>1,235</u>	<u>1,345</u>
<b>LONG-TERM DEBT</b>	<u>18,647</u>	<u>18,671</u>
<b>DEFERRED MANAGEMENT FEES – RELATED PARTY</b>	<u>14</u>	<u>14</u>
<b>OTHER LONG-TERM LIABILITIES</b>	<u>899</u>	<u>1,212</u>
<b>MINORITY INTEREST</b>	<u>689</u>	<u>1,050</u>
<b>PREFERRED STOCK – REDEEMABLE; \$.001 par value; 1 million shares authorized; 545,259 and 505,664 shares issued and outstanding, respectively</b>	<u>55</u>	<u>51</u>
<b>SHAREHOLDERS' EQUITY (DEFICIT):</b>		
Class A Common stock; \$.001 par value; 1.75 billion shares authorized; 295,038,606, and 294,536,830 shares issued and outstanding, respectively	—	—
Class B Common stock; \$.001 par value; 750 million shares authorized; 50,000 shares issued and outstanding	—	—
Preferred stock; \$.001 par value; 250 million shares authorized; no non-redeemable shares issued and outstanding	—	—
Additional paid-in capital	4,700	4,697
Accumulated deficit	(4,851)	(4,609)
Accumulated other comprehensive loss	(24)	(47)
	<u>(175)</u>	<u>41</u>
<b>TOTAL shareholders' equity (deficit)</b>	<u>(175)</u>	<u>41</u>
<b>Total liabilities and shareholders' equity (deficit)</b>	<u>\$21,364</u>	<u>\$22,384</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(dollars in millions, except per share and share data)

	Year Ended December 31,		
	2003	2002	2001
REVENUES	\$ 4,819	\$ 4,566	\$ 3,807
COSTS AND EXPENSES:			
Operating (excluding depreciation and amortization)	1,952	1,807	1,486
Selling, general and administrative	940	963	826
Depreciation and amortization	1,479	1,439	2,693
Impairment of franchises	—	4,638	—
Gain on sale of system	(21)	—	—
Option compensation expense (income), net	4	5	(5)
Special charges, net	21	36	18
Unfavorable contracts and other settlements	(72)	—	—
	4,303	8,888	5,018
Income (loss) from operations	516	(4,322)	(1,211)
OTHER INCOME AND EXPENSES:			
Interest expense, net	(1,557)	(1,503)	(1,310)
Gain (loss) on derivative instruments and hedging activities, net	65	(115)	(50)
Gain on debt exchange, net	267	—	—
Loss on equity investments	(3)	(3)	(54)
Other, net	(13)	(1)	(5)
	(1,241)	(1,622)	(1,419)
Loss before minority interest, income taxes and cumulative effect of accounting change	(725)	(5,944)	(2,630)
MINORITY INTEREST	377	3,176	1,461
Loss before income taxes and cumulative effect of accounting change	(348)	(2,768)	(1,169)
INCOME TAX BENEFIT	110	460	12
Loss before cumulative effect of accounting change	(238)	(2,308)	(1,157)
CUMULATIVE EFFECT OF ACCOUNTING CHANGE, NET OF TAX	—	(206)	(10)
Net loss	(238)	(2,514)	(1,167)
Dividends on preferred stock – redeemable	(4)	(3)	(1)
Net loss applicable to common stock	\$ (242)	\$ (2,517)	\$ (1,168)
LOSS PER COMMON SHARE, basic and diluted	\$ (0.82)	\$ (8.55)	\$ (4.33)
Weighted average common shares outstanding, basic and diluted	294,597,519	294,440,261	269,594,386

The accompanying notes are an integral part of these consolidated financial statements.